

AIR FORCE AUDIT AGENCY



NETWORK CENTRIC SOLUTIONS CONTRACT IMPLEMENTATION AND MANAGEMENT



AUDIT REPORT

F2007-0011-FB4000

4 September 2007

INTRODUCTION

In September 2004, the Air Force awarded the Network Centric Solutions (NETCENTS) contract to eight contractors consisting of four large and four small businesses. The contract provides a central source for procuring communication capabilities to satisfy product and service requirements associated with network and networked infrastructure design, engineering, integration, installation, and configuration, thereby promoting greater interoperability. The 5-year (3 years plus two 1-year options) indefinite order/indefinite delivery (IDIQ) contract is available to all Air Force organizations as well as DoD and federal agencies and has a \$9 billion order ceiling. During the 30 months ending March 2007, Air Force and other organizations placed NETCENTS orders totaling \$2.25 billion.

OBJECTIVES

Air Force Space Command requested this audit to assess whether the Air Force is using the NETCENTS contract to maximize the interoperability of Air Force network and communication capabilities. The objective was to determine whether the Air Force effectively implemented and managed the NETCENTS contract. Specifically, we assessed whether:

- Air Force personnel used the NETCENTS contract to purchase information technology (IT) network and communication products and services in accordance with Air Force guidance.
- The NETCENTS contract was achieving anticipated savings and benefits.

CONCLUSIONS

Opportunities exist for the Air Force to improve NETCENTS contract use and management. Specifically,

- Air Force contracting personnel did not use the NETCENTS contract to purchase IT network and communication products and services in accordance with Air Force guidance. Consequently, the Air Force could not be sure its network and communication capabilities were achieving maximum standardization and interoperability. (Tab A, page 1)

Executive Summary

- The NETCENTS contract may not be achieving anticipated lower costs and benefits. Specifically, Program Management Office (PMO) personnel provided examples of cost savings, but did not track the success of the contract to effectively promote broader contract use. As a result, the NETCENTS contract may not be providing the Air Force the most effective tool for Air Force IT and communication acquisitions. (Tab B, page 5)

RECOMMENDATIONS

We made two recommendations to improve the use and management of the NETCENTS contract. (Reference the individual Tabs for specific recommendations.)

MANAGEMENT'S RESPONSE

Management officials concurred with the audit results in Tab A, concurred with the intent of the audit results in Tab B, and concurred with Recommendations A.1 and B1. Management actions planned should correct the problems identified. Therefore, this report contains no issues requiring elevation for resolution.



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Table of Contents

	<u>Page</u>
EXECUTIVE SUMMARY	i
TAB	
A Mandatory Use	1
B Savings and Benefits	5
APPENDIX	
I Background Information	11
II Audit Scope and Prior Audit Coverage	13
III Locations Audited/Reports Issued	17
IV Points of Contact	21
V Final Report Distribution	23

BACKGROUND

The NETCENTS concept is a multi-faceted approach to achieve the Air Force vision for standardization and interoperability across responsive, seamless, and secure networks. The concept establishes an enterprise contract for purchasing IT network products and services and an Air Force-wide policy to direct and govern the transition to standard and interoperable networks. This concept provides (a) pricing competition among multiple contractors for the duration of the contract; (b) multiple contractors who can perform worldwide to meet the Air Force operational needs for communications requirements; and (c) understanding, application, and enforcement of current and future standards and architectures across the Air Force.

Air Force Chief Information Officer (AFCIO) memorandum, Information Technology Purchasing - Network Centric Solutions (NETCENTS), 27 January 2005, made NETCENTS contract use mandatory for communications capabilities procured to satisfy Air Force appropriated fund requirements for products and services associated with Air Force network and networked infrastructure design, engineering, integration, installation, and configuration. For acquisitions identified as NETCENTS-mandatory,¹ the acquiring organization must use NETCENTS or obtain a waiver from their major command (MAJCOM) Chief Information Officer (CIO). The mandatory NETCENTS usage policy specifies only seven conditions for deviating from mandatory NETCENTS use, six require a waiver.

AUDIT RESULTS 1 – MANDATORY USE

Condition. Air Force contracting personnel did not effectively use the NETCENTS contract to purchase IT network and communications products and services. Specifically, at 15 of 16 locations reviewed, contracting personnel awarded 101 contracts² from February 2005 to July 2006 for mandatory NETCENTS products and services not purchased under NETCENTS. Of the 101 contract awards, 73 totaling \$48.1 million were awarded at 12 of 16 locations without the required NETCENTS mandatory use waiver and did not meet waiver exemption criteria (Table 1).³ For example, Dobbins Air Reserve Base (ARB) contracting personnel issued a \$382,000 contract for an Information Transfer

¹ See Appendix 1 for additional details on Air Force supplemental guidance containing NETCENTS mandatory use categories and waiver criteria.

² We reviewed 503 contract awards totaling \$691.3 million. Of those awards, 226 contracts totaling \$349.2 million were within the scope of the NETCENTS contract, but 125 contracts did not meet mandatory use requirements.

³ Of the remaining 28 contract awards, 11 received sufficient waivers, and 17 met waiver exemption criteria.

Tab A

Mandatory Use

Node upgrade, and Bolling AFB contracting personnel issued a \$176,000 contract for a network intrusion detection system. Both purchases met NETCENTS mandatory use criteria for IT hardware procured as part of the “total network solution,” but neither had the required waiver.

LOCATION	NON-NETCENTS CONTRACT AWARDS FOR MANDATORY USE PRODUCTS AND SERVICES	AMOUNT (in millions)	CONTRACT AWARDS WITHOUT NETCENTS WAIVER OR EXEMPTION	AMOUNT (in millions)
Air Intelligence Agency	7	\$ 3.7	7	\$3.7
Andrews AFB	14	3.5	12	2.3
Bolling AFB	14	30.0	12	28.2
Dobbins ARB	10	3.0	10	3.0
Hanscom AFB	3	1.5	1	1.1
Hickam AFB	5	0.3	5	0.3
Hill AFB	1	1.5	1	1.5
Hurlburt Field	7	1.5	5	0.3
Maxwell AFB - Gunter Annex	0	0.0	0	0.0
Nellis AFB	6	1.2	6	1.2
Peterson AFB	11	39.6	0	0.0
Ramstein AB	9	1.5	9	1.5
Randolph AFB	2	0.7	0	0.0
Scott AFB	8	19.1	3	2.0
Tinker AFB	2	17.5	0	0.0
Wright-Patterson AFB	2	3.0	2	3.0
TOTAL	101	\$127.6	73	\$48.1

Table 1. Contract Awards Reviewed.

Cause. This condition occurred because Air Force guidance was not sufficiently clear to effectively implement the NETCENTS program. Consequently, contracting personnel made incorrect determinations. For example:

- The AF CIO action memorandum did not clearly define mandatory use and waiver requirements. Specifically:
 - Contracting personnel at 12 of 16 locations did not fully understand the guidance and consequently made incorrect determinations. To illustrate, United States Air Forces in Europe (USAFE) contracting personnel issued a \$221,000 contract outside of NETCENTS for Combat Information Transport System (CITS) equipment that met NETCENTS mandatory use criteria of IT network hardware procured as part of the total network solution. However, USAFE contracting personnel did not use NETCENTS because they did not believe this equipment was part of the total network solution referred to in the NETCENTS guidance, and therefore, not mandatory.

- NETCENTS mandatory use guidance did not clearly define the waiver preparation and approval process including responsibility for completing waivers and routing waivers to responsible personnel.
- Air Force guidance⁴ did not require communications squadron personnel to review all IT and communication acquisitions, including services, for NETCENTS mandatory use prior to award.⁵

Impact. Using NETCENTS helps ensure the Air Force achieves maximum standardization and interoperability of its network and communication capabilities. In addition, not using NETCENTS for mandatory use acquisitions limits the potential for the Air Force to fully leverage its resources in an effective manner.

Recommendation A.1. Office of the Chief, Warfighting Integration and Chief Information Officer (SAF/XC) should:

a. Develop and issue new NETCENTS guidance to clearly define mandatory use and waiver requirements. As a minimum, the guidance should:

(1) Identify, and establish as mandatory, acquisition types to be obtained via NETCENTS with clear examples provided. Specifically, distinction should be made between “network” and “system/application” acquisitions as well as identify mandatory instances for “equipment only” acquisitions.

(2) Streamline the waiver process to minimize paperwork and ensure timely determinations. Guidance should also specify responsibility for preparing waivers and require the NETCENTS Program Office receive electronic copies of all waivers.

(3) Identify non-Air Force acquisitions not under NETCENTS’ mandatory use provisions, such as unified combatant command and other DoD and joint acquisitions.

b. Revise AFIs 33-103 and 33-104 to require Air Force communications squadron personnel review all requested IT and communication services and equipment acquisitions for a technical solution and document the applicability of using the NETCENTS program prior to contract award.

⁴ Air Force Instructions (AFI) 33-103, *Requirements Development and Processing*, 18 March 1999, and AFI 33-104, *Base Level Planning and Implementation*, 10 May 2001.

⁵ AFIs 33-103 and 33-104 require communications squadron personnel review only equipment acquisitions.

Tab A

Mandatory Use

Management Comments A.1. SAF/XC concurred and stated: “SAF/XC will:

a. “Develop and issue new NETCENTS mandatory use guidance clarifying and defining use and waiver requirements. The new guidance will:

(1) “Identify and establish mandatory acquisition types, giving clear examples of each, and distinguish between network and system/application acquisitions. The guidance will also identify mandatory equipment only acquisitions.

(2) “Streamline the waiver process, specify waiver responsibility, and require electronic copies be sent to the NETCENTS PMO.

(3) “Identify non-Air Force acquisitions such as unified combatant command and other DoD and joint acquisitions that are not mandatory under NETCENTS. Estimated Completion Date: 1 November 2007.”

b. “Review AFIs 33-103, 33-104, and the 63-series, and if missing, add language to require communications squadron personnel review all IT and communication services and equipment acquisition requests and document the applicability of using the NETCENTS program prior to contract award. Estimated Completion Date: 1 November 2007.”

Evaluation of Management Comments. Management comments addressed the issues raised in the audit results, and management actions planned should correct the problem.

BACKGROUND

The NETCENTS Program Office, under the 754th Electronic Systems Group (ELSG), manages the NETCENTS contract. The NETCENTS Program Office analyzed data for a 3-year period from a similar prior contract and determined contractor prices averaged 18 percent less than General Services Administration (GSA) pricing.⁶ Although the NETCENTS contract does not require a minimum percentage savings, the contract's intent was to capitalize on centralized contracting to leverage Air Force resources similar to the prior contract, resulting in overall lower costs. In addition to lower initial acquisition costs, other intended benefits such as reduced acquisition time, paperwork, and total lifecycle costs are inherent.

Air Force organizations requiring IT network and communications services and equipment must complete an Air Force (AF) Form 9, *Request for Purchase*. This form identifies the products and services requested as well as a market estimate of anticipated acquisition costs.

AUDIT RESULTS 2 – SAVINGS AND BENEFITS

Condition. The NETCENTS contract may not be achieving anticipated lower costs and benefits. PMO personnel provided some examples of cost savings, but did not track the success of the contract to effectively promote broader contract use.

- Cost Savings. NETCENTS PMO personnel provided observations of solicitations conducted through the NECENTS portal indicating NETCENTS was realizing a cost savings.⁷ For example, the 754 ELSG awarded Order Number 0006 for \$15.6 million. The government's estimate was \$21.8 million, a savings of \$6.2 million. However, our review of 119 NETCENTS orders⁸ revealed NETCENTS did not provide the same level of cost savings compared to the 101 contracts not awarded under NETCENTS discussed in Tab A. For example,

⁶ Unified Local Area Network Architecture (ULANA II) contract. Under this contract, the contract administration office constantly monitored the contract catalogs to ensure prices were listed at a minimum of 3 percent under the GSA prices.

⁷ NETCENTS PMO personnel provided five examples of NETCENTS cost savings after the audit was completed, and a draft report was provided for comment.

⁸ Difference between the AF Form 9 estimate and the actual NETCENTS order amount. The comparison did not consider potential reasons for variations or other possible NETCENTS benefits such as lower total lifecycle costs because contracting and communications squadron personnel were not required to maintain this data.

TAB B

Savings and Benefits

10 NETCENTS awards reviewed at Hurlburt Field achieved a 3.6 percent average savings, while 32 non-NETCENTS awards reviewed achieved a 15 percent average savings. In addition, interviews with 44 contracting and communications squadron personnel revealed 73 percent perceived that the NETCENTS contract was not achieving cost savings. Establishment of metrics and periodically measuring and reporting on NETCENTS performance could reverse false perceptions and result in increased use.

- **Acquisition Time.** Elapsed days⁹ between the request and contract award using NETCENTS averaged 31 days. However, the average was nearly the same, 30.5 days, for the 101 contracts not awarded under NETCENTS. Although a majority of contracting and communications squadron personnel interviewed believed NETCENTS achieved some minimal savings in reduced processing time and paperwork, audit analysis did not support a measurable elapsed days reduction.

Cause. These conditions occurred because the 754 ELSG implemented the NETCENTS contract without establishing goals and metrics or monitoring savings and benefits. Furthermore, contracting and communications squadron personnel stated they believed NETCENTS contractors did not always offer the lowest possible prices on smaller, lower profit orders, as well as those with less competition.

Impact. As a result, the NETCENTS contract may not be achieving its full potential as the most effective contracting tool for Air Force IT and communications acquisitions, as intended. Proper monitoring to identify and adjust program elements, and providing information to users on the contract's overall effectiveness could improve NETCENTS use.

Recommendation B.1. SAF/XC, in coordination with 754 ELSG personnel, should:

a. Establish goals and metrics to monitor NETCENTS orders for comparable open market savings and other benefits. As a minimum, 754 ELSG personnel should compare NETCENTS bids with other acquisition sources such as GSA to evaluate savings in cost and acquisition time achieved. Additionally, 754 ELSG personnel should sample NETCENTS bids quarterly to determine whether sufficient numbers of contractors provide bids, proposals, and reasonable quotes.

b. Establish procedures for reporting evaluation results to Enterprise Information Services Division (SAF/XCIS) personnel quarterly for determining whether the

⁹ Difference between the AF Form 9 date and the actual NETCENTS order award date.

NETCENTS contract is operating effectively. Provide information on NETCENTS contract effectiveness to users.

c. Use goals and metric results to identify weaknesses and modify the program to achieve intended savings and benefits.

Management Comments B.1. SAF/XC concurred with intent and stated:

a. “754th ELSG/ES will incorporate procedures to increase management and oversight of the NETCENTS process. As previously described in the Air Force response to the recent DoD Inspector General audit, we have begun reviews on random samples of decentralized orders in accordance with Air Force Federal Acquisition Regulation Supplement 5316.505-90(b). That review process focuses on whether the decentralized orders are in the scope of the contract and whether they follow applicable DoD and federal policies. The recommendation to establish metrics and monitor cost savings realized on the NETCENTS contract down to the task order level has merit, and 754 ELSG will integrate a practice that will include random sampling and analysis of orders to compare NETCENTS bids with other acquisition sources in order to evaluate savings in cost and acquisition time achieved. Bid and proposal response rates are currently being monitored at the contract level, but 754 ELSG will also incorporate the responsiveness of the NETCENTS primes at the order level as a part of the cost savings analysis.

b. “754 ELSG will provide quarterly results to SAF/XC and post the results to the NETCENTS portal for users to examine.

c. “754 ELSG will use goals and metric results to identify and modify the program wherever and whenever possible to maximize NETCENTS savings and benefits. Estimated Completion Date: 1 October 2007.”

Additional Management Comments. SAF/XC provided the following additional comments:

“Concur with the recommendation to improve metrics and methods to monitor NETCENTS orders for comparable open market savings and other benefits. In fact, 754 ELSG already employs certain measures and procedures for determining reasonable catalog pricing and labor rates prior to incorporating them into the contract. If the pricing is not comparable to the open market and similar GSA and National Aeronautics and Space Administration Solutions for Enterprise-Wide Procurement (NASA SEWP) contracts, they are not approved for addition to the contractor’s catalogs. Also, the NETCENTS contract, Clause H108 Most Favored Customer Pricing (December 2003), requires the contractor to afford the Government most favored customer status. If the contractor provides any product or system solution to any other customer at a more favorable price than the price for products or system solutions provided by the contractor under the NETCENTS contract, then the contractor shall offer that product or system

TAB B

Savings and Benefits

solution to the government at the same or lower price and update their rates on the contract accordingly. Considering that the audit focus was at the task order level, and as a result of the Air Force Audit Agency (AFAA) recommendation, 754 ELSG has issued the NETCENTS PMO a memorandum ,dated 27 June 2007, to adjust their management of this practice by incorporating a methodology to improve the monitoring of cost savings down to the task order level. This action will enable the NETCENTS PMO to better demonstrate to other clients that the contract is beneficial.

“However, we have concerns with the analysis method used to define the savings and benefits findings in the report. We believe the analysis provided a somewhat cursory review of the 119 Form 9s in comparison to NETCENTS contracts. It does not provide a complete portrayal of the NETCENTS cost savings which a number of key factors would provide a more complete assessment e.g., including an assessment of the customer’s Independent Government Cost Estimate (IGCE) and price factors such as warranties, training, technical standards, and special terms and conditions. Examples of savings provided by the NETCENTS PMO support our assessment.

1. “Hanscom AFB realized approximately a 27 percent average cost savings for 8 orders. Total IGCE amount was \$895,650, awarded for \$650,899, for a savings of \$244,751.

2. “NETCENTS PMO contracting realized approximately 16 percent average cost savings for 4 orders. Total IGCE amount was \$500,186, awarded for \$400,490, for a savings of \$99,696.

3. “NETCENTS PMO. F-22 Ruggedized Portables for Flightline Maintenance – NCI was awarded Order 0008 for \$18.6 million and the government’s estimate was \$22 million, for a savings of \$3.4 million.

4. “Air Force Systems Network (AFSN). Block 30 – Telos Awarded Order 0006 for \$15.6 million, and the government’s estimate was \$21.8 million, for a savings of \$6.3 million. Of the 6 primes that bid, the highest offer was \$17.6 million.

5. “AFSN. Centech was awarded Order 0023 for \$2.2 million, and the government’s estimate was \$2.4 million for a savings of \$186,219.

“We agree that increased management and oversight are necessary for the NETCENTS contract to continue to improve on the overall savings and benefits for the Air Force. Acquisition time can be affected by many variables and many of which were not assessed in this report’s findings. The NETCENTS contract ease of use and streamlined Request for Quote (RFQ)/Request for Proposal (RFP) web capability have proven successful within the acquisition community. Average timeframe for RFQ/RFP solicitations for which NETCENTS prime contractors have responded is about 5 days, and about 2 weeks respectively. Time prior to and beyond the solicitation stage of the acquisition

process is driven by the government's ability to complete the requirements development process, conduct their assessment of the best value and contracting review and award process. It's not unexpected that the audit findings would produce similar timelines for the acquisition of products and services. The solicitation process has been streamlined to the maximum extent without severely affecting the contractor's ability to respond to solicitations. The NETCENTS portal affords customers, contracting officers, and contractors a single location for managing the entire acquisition process. Solicitations can be conducted, whereby fair competition is maintained, questions and answers are addressed, as well as offering accessibility to all documentation associated with the solicitations, including e-mail notices generated to all parties when there is a posting made on the solicitation.

Evaluation of Management Comments. Management comments addressed the issues raised in the audit results, and management actions planned should correct the problem. Management concurred with the intent of the audit results in Tab B, but had concerns with the analysis method used to define the savings and benefits finding in the report. Audit coordinated the methodology used with NETCENTS PMO personnel prior to the start of audit application. PMO personnel had no concerns at that time with how audit planned to measure cost savings. Furthermore, before using this method, audit made every attempt to obtain examples of NETCENTS cost savings or any other empirical data from the NETCENTS PMO showing NETCENTS was achieving an overall cost savings. None were provided until the audit was completed and the draft report was provided to management for comment.

AFAA would have considered such total life cycle costs as warranties, training, technical standards, and special terms and conditions if there had been data available for analysis, which is the whole point of the finding. Metrics need to be established and data collected to show the customer that initial purchase price is not the sole consideration for choosing or not choosing NETCENTS versus another source.

PMO personnel also stated there are many variables affecting acquisition time, many of which were not assessed in this report's findings. Again, this was exactly the point of the finding. All the various factors that need to be considered should be incorporated into metrics and periodically monitored to demonstrate the true savings of NETCENTS, both in cost and time. The Air Force must be able to measure and report on the success of the NETCENTS contract process efficiencies.

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MANDATORY USE CATEGORIES

The NETCENTS Program Office developed supplemental guidance outlining specific mandatory IT and communications procurement categories including (a) IT national security systems (NSS); (b) IT network hardware and software, but only when procured as part of a total network solution; (c) network-related services; (d) total network solutions utilizing appropriated funds; (e) voice, video, and data networks; and (f) wireless networks.

WAIVER CRITERIA

The NETCENTS mandatory use policy specifies only seven conditions for deviating from NETCENTS, six of which require a waiver. The six allowable conditions requiring a waiver include:

- An option is exercised on a pre-existing contract for mandatory products and services under NETCENTS. The waiver must be obtained prior to exercising the option.
- A source for the required product or service is identified from a vendor who provides a better value than NETCENTS, taking into consideration the total lifecycle costs.
- A mission urgency exists that NETCENTS can not satisfy.
- The proposed product or service deviates from approved Air Force standards and architecture.
- A contemplated contract with a small or disadvantaged business will support MAJCOM set-aside goals while still meeting approved Air Force standards and architecture, but only if a determination and finding states that the economies of scale and other benefits have been carefully weighed and considered, and are offset by the advantages afforded by the small or disadvantaged businesses.
- The NETCENTS contract conflicts with any host country contract for IT equipment and services.

The one condition not requiring a waiver is exercising the pre-existing contract option where the existing contract supports Air Force small or disadvantaged business goal achievement.

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AUDIT SCOPE

Audit Coverage. We performed audit work at 26 organizations located at 16 randomly selected Air Force active duty and Reserve locations (Appendix III).¹⁰ We performed the work from June 2006 to February 2007 using documents dated from July 1998 through February 2007. We also coordinated with officials in SAF/XC and 754 ELSG. We provided a draft report to management in April 2007.

- **Mandatory Use.** To determine whether contracting personnel used the NETCENTS contract in accordance with Air Force guidance, we selected a random sample of 512 contract awards to non-NETCENTS contractors.¹¹ We reviewed the contract award documentation, statement of work, AF Form 9, AF Form 3215, *Information Technologies/National Security Systems (IT/NSS) Requirements Document*, and Department of Defense (DD) Form 350, *Individual Contracting Action Report*, to determine if the award met the mandatory use requirement. We also determined whether the awards met the exemption criteria and had appropriate NETCENTS waivers.
- **Savings and Benefits.** To determine whether the NETCENTS contract was achieving anticipated savings and benefits, we performed the following tests:
 - To test whether using the NETCENTS contract resulted in anticipated cost savings, at each location we selected all NETCENTS awards if less than 10 or a random sample if more than 10 awards. We compared the initial market research amount identified on the AF Form 9 to the actual award amount and determined the average cost savings. We performed the same comparison for all mandatory non-NETCENTS contract awards and compared the cost savings from NETCENTS to non-NETCENTS contract awards.
 - To test whether using the NETCENTS contract resulted in reduced contract award elapsed days, at each location we selected all NETCENTS awards if less than 10 or a random sample if more than 10 awards. We compared the date on the AF Form 9 to the actual order date and determined the average elapsed days. We performed the same comparison for all mandatory non-NETCENTS contract awards and compared the elapsed days from NETCENTS to non-NECENTS contract awards.

¹⁰ Air National Guard units and organizations were not evaluated because Guard acquisitions were not included in the Contracting Business Intelligence System; they were reported through the Army. Therefore, the universe of IT and communications acquisitions was not available for review.

¹¹ We selected 32 contract awards at each of the 16 locations. Contracting personnel could not locate files for 9 of the 512 contract awards selected; therefore we reviewed a total of 503 contract awards.

Audit Scope and Prior Audit Coverage

- To determine whether the NETCENTS contract achieved other intended savings and benefits, we interviewed 53 contracting and communications squadron personnel who had experience using the NETCENTS contract. Specifically, personnel were queried about cost savings, reduced acquisition time, reduced paperwork, and any other positive or negative experiences with NETCENTS.

Sampling Methodology. We used the following statistical sampling concepts and computer-assisted auditing tools and techniques (CAATTs) to complete this audit:

- Sampling. We selected a random sample of 16 locations for audit application based on the amount of IT and communications contract awards. Specifically, we obtained a universe of 6,963 IT and communication contract awards over \$25,000 from 1 February 2005 through 31 July 2006 from the Contracting Business Intelligence System (CBIS), excluding those awarded to the NETCENTS contract. We judgmentally selected the four locations with the highest contract award dollars. To select the remaining 12 locations, we used a probability proportional to contract award dollars sampling technique, with replacement. We limited our audit to the two buying offices at each location with the highest contract award dollars,¹² while still providing coverage of 96 percent of the total contract award dollars at the 16 locations.
- NETCENTS Mandatory Use. At 16 locations, we randomly selected 32 contract awards for review. We selected the highest dollar contract awards and then applied probability proportional to contract award dollars sampling techniques to select the remaining awards.
- NETCENTS Savings and Benefits. The CBIS query identified 387 NETCENTS awards from 1 February 2005 through 31 July 2006 at the 16 locations selected. At 13 locations,¹³ we identified NETCENTS awards for only 1 organization and selected all NETCENTS awards if less than 10 or a random sample if more than 10 awards. At the remaining 3 locations, we identified NETCENTS orders at more than 1 organization, and therefore, selected more than 10 orders for review. Specifically, for each organization with more than 10 NETCENTS orders, we used random sampling to select 10 orders for review and for each organization with fewer than 10 NETCENTS orders, we reviewed all orders.

¹² Five of the 16 locations selected had contract awards from more than two buying offices.

¹³ At 7 of 13 locations, we identified more than 10 NETCENTS orders, and therefore, used a random sample to select 10 orders for review. At 6 of 13 locations, we reviewed all orders because fewer than 10 NETCENTS orders were identified.

- **CAATTs.** We used Microsoft Excel spreadsheets to compile and summarize contract award information from each organization audited. We also used spreadsheet analytical tools to select sample locations and contract awards for review, as well as to identify and quantify discrepancies.

Data Reliability. We relied on information from CBIS for our audit conclusions. We did not evaluate the system's general and application controls. However, we established data reliability by comparing reports from the system with physical evidence and available manual records such as DD Form 350. Based on these tests, we concluded the data were sufficiently reliable to support the audit conclusions.

Auditing Standards. We accomplished audit work in accordance with generally accepted government auditing standards and, accordingly, included tests of management controls associated with NETCENTS contract use and oversight.

PRIOR AUDIT COVERAGE

We did not identify any Air Force Audit Agency or Government Accountability Office reports issued within the past 5 years that addressed the same or similar objectives as this audit. However, we coordinated with the DoD Inspector General (DoDIG) on their ongoing audit of *Air Force Network-Centric Solutions Contract*, (D2006-D000AS-0211.000). The objective of the DoDIG audit was to determine whether the NETCENTS contract was consistent with federal and DoD acquisition and contracting policy, to include information assurance requirements. We concluded the objectives were sufficiently different to preclude overlap.

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Locations Audited/ Reports Issued

<u>Organization/Location</u>	<u>Installation-Level Reports Issued</u>
<u>Air Combat Command</u>	
Air Intelligence Agency Lackland AFB TX	NONE
99th Air Base Wing Nellis AFB NV	F2007-0044-FBS000 26 June 2007
<u>Air Education and Training Command</u>	
12th Flying Training Wing Randolph AFB TX	NONE
<u>Air Force District of Washington (AFDW)</u>	
HQ AFDW Bolling AFB DC	F2007-0022-FDN000 11 April 2007
11th Wing Bolling AFB DC	NONE
316th Wing Andrews AFB MD	F2007-0028-FDN000 18 May 2007
<u>Air Force Materiel Command</u>	
38th Engineering Installation Group Tinker AFB OK	F2007-0023-FCT000 2 April 2007
72d Air Base Wing Tinker AFB OK	NONE
75th Air Base Wing Hill AFB UT	F2007-0042-FCI000 18 May 2007
350th Electronic Systems Wing Hanscom AFB MA	NONE

Locations Audited/ Reports Issued

<u>Organization/Location</u>	<u>Installation-Level Reports Issued</u>
<u>Air Force Materiel Command (Cont'd)</u>	
554th Electronic Systems Group Randolph AFB TX	NONE
Aeronautical Systems Center Wright-Patterson AFB OH	NONE
554th Electronic Systems Group Wright-Patterson AFB OH	NONE
653d Electronic Systems Wing Hanscom AFB MA	F2007-0006-FCQ000 8 May 2007
754th Electronic Systems Group Maxwell AFB- Gunter Annex AL	NONE
<u>Air Force Office of Special Investigations (AFOSI)</u>	
HQ AFOSI Andrews AFB MD	F2007-0023-FDN000 20 April 2007
<u>Air Force Reserve Command (AFRC)</u>	
HQ AFRC Robins AFB GA	F2007-0009-FCR000 16 March 2007
94th Airlift Wing Dobbins ARB GA	F2007-0010-FCR000 20 March 2007
<u>Air Force Space Command</u>	
21st Space Wing Peterson AFB CO	F2007-0014-FBM000 2 March 2007

Locations Audited/ Reports Issued

<u>Organization/Location</u>	<u>Installation-Level Reports Issued</u>
<u>Air Force Special Operations Command (AFSOC)</u>	
HQ AFSOC Hurlburt Field FL	NONE
1st Special Operations Wing Hurlburt Field FL	F2007-0028-FDD000 08 March 2007
<u>Air Mobility Command (AMC)</u>	
HQ AMC Scott AFB IL	NONE
375th Airlift Wing Scott AFB IL	NONE
<u>Pacific Air Forces</u>	
15th Air Base Wing Hickam AFB HI	F2007-0020-FBP000 11 April 2007
<u>United States Air Forces in Europe (USAFE)</u>	
HQ USAFE Ramstein AB Germany	F2007-0045-FDE000 2 May 2007
38th Combat Support Wing Ramstein AB Germany	NONE

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